

EXHIBIT 1

INTRODUCTION

Respondent Derek Rhody is a Commissioner on the California Rice Commission (the “Rice Commission”). He assumed office on September 1, 2001. As a Commissioner, Respondent is a designated employee of the Rice Commission, as defined in Section 82019, subdivision (c) of the Political Reform Act (the “Act”),¹ and in the Rice Commission’s conflict of interest code.

Under the Rice Commission’s conflict of interest code, each designated employee is required to file an annual statement of economic interests, at a time specified in the agency’s conflict of interests code, for each year that the official remains in office. On the statement of economic interests, the designated employee must disclose his or her reportable economic interests held during the preceding calendar year.

In this matter, Respondent failed to file a 2001 annual statement of economic interests by the April 2, 2002 due date.

The Enforcement Division handled this case on an expedited basis under the SEI Expedited Procedures adopted by the Commission in July of 1999.

For the purposes of this Stipulation, Respondent’s violation is stated as follows:

As a Commissioner for the California Rice Commission, Derek Rhody failed to file a 2001 annual statement of economic interests by April 2, 2002, in violation of Section 87300 of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (c), is to ensure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be identified and avoided.

In furtherance of this purpose, Section 87300 requires every agency to adopt and promulgate a conflict of interest code. Section 87302, subdivision (a) provides that an agency’s conflict of interest code must specifically designate the employees of the agency who are required to file statements of economic interests disclosing their reportable investments, business positions, interests in real property, and sources

¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

of income. Under Section 82019, subdivision (c), and Section 87302, subdivision (a), the individuals who are to be designated in an agency's conflict of interest code are the officers, employees, members, and consultants of the agency, whose position with the agency entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on one or more of the individual's economic interests.

Section 87302, subdivision (b) provides that an agency's conflict of interest code must require every designated employee to file an annual statement of economic interests, for each year that the employee remains in office, at a time specified in the agency's conflict of interest code, disclosing his or her reportable economic interests during the preceding calendar year.

Under the provisions of the Rice Commission's conflict of interest code, each designated employee must file his or her statements of economic interests with the Rice Commission, which shall retain a copy of the statement and forward the original to the Fair Political Practices Commission, which has been designated in the Rice Commission's conflict of interest code as the filing officer for the Rice Commission.

Under Section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

SUMMARY OF THE FACTS

Respondent assumed office as a Commissioner on the Rice Commission on September 1, 2002. As a Commissioner, Respondent was required to file an annual statement of economic interests for the calendar year 2001 by April 2, 2002.

On January 21, 2002, Tim Johnson, President-CEO for the Rice Commission sent a letter to Respondent, informing him that he was required to file a 2001 annual statement of economic interests by April 2, 2002, and asking him to file the statement by March 21, 2002. In spite of this notice, Respondent failed to file a 2001 annual statement of economic interests by the April 2, 2002 due date, in violation of section 87300.

On April 8, 2002, Mr. Johnson sent a second letter to Respondent, reminding him that his 2001 annual statement of economic interests that was due by April 2, 2002, had not been received, and asking Respondent to file the statement by April 19, 2002.

On May 9, 2002, Emily Bowden of the SEI unit of the Fair Political Practices Commission, sent a third letter to Respondent, reminding him that his 2001 annual statement of economic interests, that was due by April 2, 2002, had not been received, and asking that he file the statement within 30 days.

On July 1, 2002, Ms. Bowden sent a forth letter to Respondent, informing him that his 2001 annual statement of economic interests was due on April 2, 2002, and had not been received. The letter further advised Respondent that his failure to file would be referred to the Enforcement Division of the Fair Political Practices Commission, if the delinquent statement was not received within ten days. In spite of the fourth

notice, Respondent still failed to file a 2001 annual statement of economic interests, and the matter was then referred to the Enforcement Division.

On August 9, 2002, SEI Coordinator Mary Ann Kvasager of the Enforcement Division contacted Respondent by telephone, reminding him that his 2001 annual statement of economic interests was past due, and telling him to file the statement immediately. Respondent told Ms. Kvasager that his statement would be mailed to the Rice Commission that same day.

Respondent filed a 2001 annual statement of economic interests on August 19, 2002, more than four months after the due date.

CONCLUSION

This matter consists of one count of violating Section 87300, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000). However, under the SEI Expedited Procedures adopted by the Fair Political Practices Commission in July 1999, the approved administrative penalty for an individual who files a delinquent SEI within ten days after being contacted by the Enforcement Division SEI Coordinator is between Two Hundred and Three Hundred Dollars (\$200-\$300).

The facts of this case, particularly the fact that Respondent filed his 2001 annual statement of economic interests within ten days after being contacted by the Enforcement Division, justify imposition of the agreed upon penalty of Two Hundred Dollars (\$200).